

C O U N C I L F O R



Thomas A. Schatz
President

June 16, 2009

U.S. Senate
Washington, D.C. 20510

Dear Senator,

Senator John Thune (R-S.D.) recently introduced S. 1242, the Government Ownership Exit Plan Act of 2009. This bill will prohibit the government from holding any interest in any non-mortgage related troubled asset purchased through the Troubled Asset Relief Program (TARP) and will establish a deadline for selling such interests. These assets include warrants, preferred stock, or common stock of private entities. On behalf of the more than 1.2 million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I ask that you support this legislation.

Over the past 15 months, lawmakers have put American taxpayers at risk by doling out hundreds of billions of dollars to failing companies. As a result, taxpayers now own \$85 billion in preferred stock in Fannie Mae and Freddie Mac, and also hold a stake in more than 500 private companies.

S. 1242 requires the Secretary of Treasury to submit a plan to Congress within 90 days of enactment that describes how the government will end ownership of Fannie and Freddie. The bill will prohibit the Treasury from purchasing any additional ownership stake of private entities through TARP. Additionally, the legislation will prohibit the federal government from influencing management decisions of private companies owned in part by the federal government, and will require the Treasury to sell any ownership stake of a private entity by July 1, 2010.

Revenue from the sale of TARP assets will be used for debt reduction. Beyond July 1, 2011, the Treasury Secretary may not hold any direct ownership of private companies unless Congress grants additional authority.

Legislators exposed taxpayers to significant risk and liability when they hastily bailed out these private entities. Congress now has a chance to undo its mistakes before additional damage is done. All votes on S. 1242 will be among those considered in CCAGW's *2009 Congressional Ratings*.

Sincerely,

A handwritten signature in black ink that reads 'Thomas Schatz'. The signature is written in a cursive, flowing style.

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